

# GLOSSARY

## Business Dynamics Statistics (BDS) Visualization Tools



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This glossary provides select basic BDS definitions and definitions of measures available through the BDS visualization tools. For more information, see the [BDS Definitions page](#) and the [BDS Overview page](#).

*Note: BDS visualization tool “measures” are marked with an asterisk (\*).*

**Average firm size:** The average of the firm’s selected year (year  $t$ ) and prior year (year  $t-1$ ) employment (categorical variable).

*Values:* a) 1 to 4, b) 5 to 9, c) 10 to 19, d) 20 to 49, e) 50 to 99, f) 100 to 249, g) 250 to 499, h) 500 to 999, i) 1000 to 2499, j) 2500 to 4999, k) 5000 to 9999, l) 10000+

**Employment\*:** Number of employees, where employees are defined as full– and part–time employees in employment during the payroll week of March 12th. Includes employees on paid sick leave, holidays, and vacations. Does not include proprietors and partners of unincorporated businesses.

**Establishment:** An establishment is a fixed physical location where economic activity occurs.

**Establishment age:** An employment-based measure of establishment age (categorical variable).

An establishment born before 1977 is of unknown age and is assigned an age of “26+ ”. An establishment born during or after 1977 is assigned an age of zero in the first year it reports positive employment, and ages each year thereafter regardless of employment.

*Values:* 0, 1, 2, 3, 4, 5, 6-10, 11-15, 16-20, 21-25, 26+ (left-censored)

**Establishment birth rate\*:** A measure of the rate of establishment births from the prior year (year  $t-1$ ) to the selected year (year  $t$ ), calculated as:

*$100 * (\text{Number of establishments born from year } t-1 \text{ to year } t) / (\text{Average of number of establishments across years } t \text{ and } t-1).$*

**Establishment exit rate\*:** A measure of the rate of establishment exit from the prior year (year  $t-1$ ) to the selected year (year  $t$ ), calculated as:

*$100 * (\text{Number of establishments that exited from year } t-1 \text{ to year } t) / (\text{Average number of establishments across years } t \text{ and } t-1).$*

**Establishments born during the last 12 months\*:** A count of establishments born from the prior year (year  $t-1$ ) to the selected year (year  $t$ ).

**Establishments exiting during the last 12 months\*:** A count of establishments that exited from the prior year (year  $t-1$ ) to the selected year (year  $t$ ).

**Firm:** Firms are defined at the enterprise level such that all establishments under the operational control of the enterprise are considered part of the firm. A firm may have one establishment (a single-unit establishment) or many establishments (a multi-unit firm). Firm level data are compiled based on an aggregation of establishments under common ownership by a corporate parent using Census Bureau company identification numbers. NOTE: Firms are legal concepts so that a new firm can be the outcome of a merger of existing firms, a spinoff of an existing firm, or a startup firm made up of de novo establishments.

**Firm age:** An employment-based measure of firm age (categorical variable)

A firm born before 1977 is of unknown age and is assigned a firm age of "26+". A firm born during or after 1977 is assigned a firm age as follows:

1. If the new firm includes one or more pre-existing establishments with prior employment - the firm will be born with a non-zero age based on the earliest year any establishment reported employment.
2. If the new firm includes no pre-existing establishments that report employment- the firm is born with firm age zero.

*Values:* 0, 1, 2, 3, 4, 5, 6-10, 11-15, 16-20, 21-25, 26+ (left-censored)

**Initial firm size:** The firm's initial year (year  $t-1$ ) employment size. In the case of startups this is the firm's employment size at time of birth (year  $t$ ). Initial firm size is a categorical variable.

*Values:* a) 1 to 4, b) 5 to 9, c) 10 to 19, d) 20 to 49, e) 50 to 99, f) 100 to 249, g) 250 to 499, h) 500 to 999, i) 1000+

**Jobs created by continuing establishments over the last 12 months\*:** Count of jobs created by expanding continuing establishments from the prior year (year  $t-1$ ) to the selected year (year  $t$ ). Note this is a difference in March to March employment.

**Jobs created by establishment births over the last 12 months\*:** Count of jobs created by establishment births from the prior year (year  $t-1$ ) to the selected year (year  $t$ ).

**Jobs created over the last 12 months\* = Job Creation:** Count of all jobs created from the prior year (year  $t-1$ ) to the selected year (year  $t$ ). This is the sum of jobs created from continuers as well as births. Note, the contribution of firm births can be measured by using the job creation from establishments with firm age equal to zero.

**Job creation rate\*:** A measure of the rate of job creation from the prior year (year  $t-1$ ) to the selected year (year  $t$ ), calculated as:

$$100 * (\text{Number of jobs created from the year } t-1 \text{ to year } t) / (\text{Average of employment across years } t \text{ and } t-1).$$

**Jobs creation rate from establishment births\*:** A measure of the rate of job creation from the prior year (year  $t-1$ ) to the selected year (year  $t$ ) as a result of establishment births, calculated as:

*100 \* (Number of jobs created by establishment births from year  $t-1$  to year  $t$ ) / (Average of employment across years  $t$  and  $t-1$ ).*

**Jobs destroyed at continuing establishments over the last 12 months\*:** Count of jobs destroyed at continuing establishments from the prior year (year  $t-1$ ) to the selected year (year  $t$ ). Note this is a difference in March to March employment.

**Jobs destroyed by establishment exit over the last 12 months\*:** Count of jobs destroyed by establishment exit from the prior year (year  $t-1$ ) to the selected year (year  $t$ ).

**Jobs destroyed over the last 12 months\* = Job Destruction:** Count of all jobs destroyed from the prior year (year  $t-1$ ) to the selected year (year  $t$ ). Includes all employment losses from contracting establishments as well as establishment shutting down.

**Job destruction rate\*:** A measure of the rate of job destruction from the prior year (year  $t-1$ ) to the selected year (year  $t$ ), calculated as:

*100 \* (Number of jobs destroyed from year  $t-1$  to year  $t$ ) / (Average of Employment across years  $t$  and  $t-1$ ).*

**Job destruction rate from establishment exit\*:** A measure of the rate of job destruction from establishment exit from the prior year (year  $t-1$ ) to the selected year (year  $t$ ), calculated as:

*100 \* (Number of jobs destroyed by establishment exit from year  $t-1$  to year  $t$ ) / (Average of Employment across years  $t$  and  $t-1$ ).*

**Net job creation\*:** A measure of overall net job creation from the prior year (year  $t-1$ ) to the selected year (year  $t$ ), calculated as:

*(Jobs created from year  $t-1$  to year  $t$ ) – (Jobs destroyed from year  $t-1$  to year  $t$ ).*

**Net job creation rate\*:** A measure of the rate of overall net job creation from the prior year (year  $t-1$ ) to the selected year (year  $t$ ), calculated as:

*(Job creation rate) - (Job destruction rate).*

**Number of establishments\*:** A simple count of the number of establishments in the selected year (year  $t$ ).

**Number of firms\*:** A simple count of the number of firms in the selected year (year  $t$ ). Note, when looking at states, a firm with establishments in multiple states will be counted multiple times, once in each state, irrespective of the portion of the firm residing in that state.

**Reallocation rate\*:** A measure of the job reallocation rate from the prior year (year  $t-1$ ) to the selected year (year  $t$ ), calculated as:

*(Job creation rate) + (Job destruction rate) - abs(Net job creation rate).*

## Questions?

Explore the BDS website at <http://www.census.gov/ces/dataproducts/bds/>.

Email the BDS Team at [CES.BDS@census.gov](mailto:CES.BDS@census.gov).